CENTRAL BANKING AND THE PRIVATE CONTROL OF MONEY

By creating and controlling the money supply, the so-called Money Changers have maintained control over governments and citizens for millennia.

Part 1 of 2

Extracted from the book of the video
THE MONEY MASTERS: How International Bankers Gained Control of America

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1. THE US FEDERAL RESERVE

There was a time when to ask someone for whom he worked was considered somewhat insulting, as it implied he was an incompetent, incapable of gainful self-employment. But now, property ownership (net wealth) is not a general feature of our society, as it largely was until the Great Depression. Rather, net debt and complete dependence on a precarious wage or salary at the will of others is the general condition.

Since the exercise of freedom often includes using material objects such as books, food, clothing, shelter, arms, transport, etc., the choice and possession of which requires some wealth, we are forced to admit that the general condition of Americans is one of increasing dependence and limitations on freedom.

Since the turn of the century, there has occurred throughout the world a major increase in debt and a major decline in the freedom of individuals and states to conduct their own affairs. To restore a condition of widespread, modest wealth is therefore essential to regaining and preserving our freedom.

Why are we over our heads in debt? Why can't the politicians bring debt under control? Why are so many people (often, both parents) working at low-paying, dead-end jobs and still making do with less? What's the future of the American economy and way of life? Are we headed into an economic crash of unprecedented proportions?

Larry Bates was a bank president for eleven years. As a member of the Tennessee House of Representatives, he chaired the Committee on Banking and Commerce. He's also a former professor of economics and the author of the best-selling book, *The New Economic Disorder*. He has this to say about our future prospects:

> *I can tell you right now that there is going to be a crash of unprecedented proportions—a crash like we have never seen before in this country. The greatest shock of this decade is that more people are about to lose more money than at any time before in history, but the second greatest shock will be the incredible amount of money a relatively small group of people will make at the same time. You see, in periods of economic upheaval, in periods of economic crisis, wealth is not destroyed—it is merely transferred.*

Former US presidential candidate Charles Collins is a lawyer and a banker who has owned banks and served as a bank director. He believes we'll never get out of debt because the Federal Reserve ('the Fed') is in control of our money. To quote Collins:

> *Right now, it's perpetuated by the Federal Reserve making us borrow the money from them, at interest, to pay the interest that's already accumulated. So we cannot get out of debt the way we're going now.*

Economist Henry Pasquet is a tenured instructor in economics. He agrees that the end is near for the US economy:

> *No, not when you are adding roughly a billion dollars a day. We just can't go on. We had less than one trillion dollars of national debt in 1980; now it's $5 trillion—five times greater in fifteen years. It just doesn't take a genius to realize that this just can't go on forever.*

The problem is that the US has one of the worst monetary systems ever devised: a central bank that operates independently of the government, which, with other private banks, creates all of our money with a parallel amount of interest-bearing debt. That's why we can never get out of debt. And that's why a deep Depression is a certainty for most US citizens, whether caused suddenly in a severe economic crash or gradually through continued relentless inflation. The Fed is creating it to enrich its private stockholders—just as it deliberately created the Great Depression of the 1930s.

The Federal Reserve headquarters is in Washington, DC. It sits on a very impressive address on Constitution Avenue, right across from the Lincoln Memorial. But is it 'Federal'? Is it really part of the United States Government?

Well, what we are about to show you is that there is nothing 'Federal' about the Federal Reserve—and there are no reserves. The name is a deception created before the Federal Reserve Act was passed in 1913 to make Americans think that America's new central bank operates in the public interest.

The truth is that the Fed is a private (or, at best, quasi-public) bank owned by private national banks, which are the stockholders, and run for their private profit.

As economist Henry Pasquet noted:

That's exactly correct; the Fed is a privately owned, for-profit corporation which has no reserves—at least no reserves to back up the Federal Reserve notes which are our common currency.

The Federal Reserve Act was railroaded through a carefully prepared Congressional Conference Committee meeting, scheduled during the unlikely hours of 1.30 am to 4.30 am (when most members were sleeping) on Monday 22 December 1913, at which 20 to 40 substantial differences in the House and Senate versions were supposedly described, deliberated upon, debated, reconciled and voted upon in a near-miraculous four-and-a-half to nine minutes per item, at that late hour.

At 4.30 am, a prepared report of this Committee was handed to the printers. Senator Bristow of Kansas, the Republican leader, stated on the *Congressional Record* that the Conference Committee had met without notifying them, and that Republicans were not present and were given no opportunity either to read or sign the Conference Committee report. The Conference report is normally read on the Senate floor. The Republicans did not even see the report. Some senators stated on the floor of the Senate that they had no knowledge of the contents of the Bill.

At 6.02 pm on 23 December, when many members had already left the Capitol for the Christmas holiday, the very same day that the Bill was hurried through the House and Senate, President Woodrow Wilson signed the Federal Reserve Act of 1913 into law.

The Act transferred control of the money supply of the United States from Congress to a private banking elite. It is not surprising that a bill granting a few national bankers a private money monopoly was passed in such a corrupted manner.

As author Anthony C. Sutton noted:

The Federal Reserve System is a legal private monopoly of the money supply, operated for the benefit of the few under the guise of protecting and promoting the public intent.

If there's any doubt whether the Federal Reserve is a part of the US Government, check your local telephone book. It's not listed in the 'government' blue pages. It is correctly listed in the 'business' white pages, right next to Federal Express, another private company. But more directly, US courts have ruled that the Fed is a special form of private corporation.

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Let's take a look at the Fed shareholders. According to researcher Eric Samuelson, as of November 1997 the Federal Reserve Bank of New York (which completely dominates the other 11 branches through stock ownership, control and influence, having the only permanent voting seat on the Federal Open Market Committee and handling all open market bond transactions), has 19,752,655 shares outstanding and is majority-owned by two banks: Chase Manhattan bank (now merged with Chemical Bank), with 6,389,445 shares or 32.35 per cent; and Citibank, NA, with 4,051,851 shares or 20.51 per cent. Together, those two banks own l0,441,295 shares or 52.86 per cent—which is majority control.

While majority ownership conclusively demonstrates effective control, it is not critical to control—which is often exercised in large, publicly traded corporations by blocks of as little as 25 per cent, and even two per cent when the other owners hold smaller blocks.

One of the most outspoken critics of the Fed in Congress was Louis T. McFadden (R-PA), the Chairman of the House Banking and Currency Committee during the Great Depression years. In 1932 he said:

We have in this country one of the most corrupt institutions the world has ever known. I refer to the Federal Reserve Board... This evil institution has impoverished...the people of the United States...and has practically bankrupted our government. It has done this through...the corrupt practices of the moneyed vultures who control it.

Senator Barry Goldwater was a frequent critic of the Fed:

Most Americans have no real understanding of the operation of the international money-lenders... The accounts of the Federal Reserve System have never been audited. It operates outside the control of Congress and...manipulates the credit of the United States.

What one has to understand is that from the day the Constitution was adopted, right up to today, the folks who profit from privately owned central banks like the Fed, or, as President Madison called them, 'the Money Changers', have fought a running battle for control over who gets to issue America's money.

Why is *who* issues the money so important? Think of money as just another commodity. If you have a monopoly on a commodity that everyone needs, everyone wants and nobody has enough of, there are lots of ways to make a profit and also exert tremendous political influence. That's what this battle is all about.

Throughout the history of the United States, the money power has gone back and forth between Congress and some sort of privately owned central bank. The American people fought off four privately owned central banks before succumbing to the first stage of a fifth privately owned central bank during a time of national weakness: the Civil War.

The founding fathers knew the perils of a privately owned central bank. First of all, they had seen how the privately owned British central bank, the Bank of England, had run up the British national debt to such an extent that Parliament had been forced to place unfair taxes on the American colonies. In fact, Ben Franklin claimed that this was the real cause of the American Revolution.

Most of the founding fathers realised the potential dangers of banking and feared bankers' accumulation of wealth and power.

Thomas Jefferson put it this way:

I sincerely believe that banking institutions are more dangerous to our liberties than standing armies. Already they have raised up a money aristocracy that has set the government at defiance. The issuing power should be taken from the banks and restored to the people to whom it properly belongs.

Jefferson's succinct statement is in fact the solution to most of our economic problems today.

James Madison, the main author of the Constitution, agreed. It is interesting that he called those behind the central bank scheme 'the Money Changers'. Madison strongly criticised their actions:

History records that the Money Changers have used every form of abuse, intrigue, deceit and violent means possible to maintain their control over governments by controlling money and its issuance.

The battle over who gets to issue our money has been the pivotal issue through the history of the United States. Wars have been fought over it. Depressions have been caused to acquire it. And yet, after World War I this battle was rarely mentioned in newspapers or history books.

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Media Complicity

By World War I, the Money Changers with their dominant wealth had seized control of most of the US press.

In a 1912 Senate Privileges and Elections Committee hearing, a letter was introduced to the Committee, written by Representative Joseph Sibley (PA), a Rockefeller agent in Congress, to John D. Archbold, a Standard Oil employee of Rockefeller. It read in part:

An efficient literary bureau is needed, not for a day or a crisis but a permanent healthy control of the Associated Press and kindred avenues. It will cost money but will be cheapest in the end.

John Swinton, the former Chief of Staff of the *New York Times*, called by his peers "the Dean of his profession", was asked in 1953 to give a toast before the New York Press Club. He responded with the following statement:

There is no such thing as an independent press in America, if we except that of little country towns. You know this and I know it. Not a man among you dares to utter his honest opinion. Were you to utter it, you know beforehand that it would never appear in print.

I am paid one hundred and fifty dollars a week so that I may keep my honest opinion out of the newspaper for which I write. You, too, are paid similar salaries for similar services. Were I to permit that a single edition of my newspaper contained an honest opinion, my occupation—like Othello's—would be gone in less than twenty-four hours. The man who would be so foolish as to write his honest opinion would soon be on the streets in search of another job.

It is the duty of a New York journalist to lie, to distort, to revile, to toady at the feet of Mammon, and to sell his country and his race for his daily bread—or, what amounts to the same thing, his salary.

We are the tools and the vassals of the rich behind the scenes. We are marionettes. These men pull the strings and we dance. Our time, our talents, our lives, our capacities are all the property of these men. We are intellectual prostitutes.

(Quoted by T. St John Gaffney in *Breaking The Silence*, p. 4.)

That was the US press in l953. It is the mass media of America today. Press control and, later, electronic media (radio and TV) control were seized in carefully planned steps, yielding the present situation in which all major mass media and the critically important major reporting services, which are the source of most news stories, are controlled by the Money Changers.

Representative Callaway discussed some of this press control in the *Congressional Record* (vol. 54, 9 February 1917, p. 2947):

In March 1915, the J. P. Morgan interests, the steel, shipbuilding and powder interests and their subsidiary organizations, got together 12 men high up in the newspaper world and employed them to select the most influential newspapers in the United States, and sufficient number of them to control generally the policy of the daily press...

They found it was only necessary to purchase the control of 25 of the greatest papers... An agreement was reached; the policy of the papers was bought, to be paid for by the month; an editor was furnished for each paper to properly supervize and edit information regarding the questions of preparedness, militarism, financial policies, and other things of national and international nature considered vital to the interests of the purchasers.

A few years ago, three-quarters of the majority stockholders of ABC, CBS, NBC and CNN were banks—such as Chase Manhattan Corp., Citibank, Morgan Guaranty Trust and Bank of America. Ten such corporations controlled 59 magazines (including *Time* and *Newsweek*), 58 newspapers (including the *New York Times*, the *Washington Post* and the *Wall Street Journal*), and various motion-picture companies, giving the major Wall Street banks virtually total ownership of the mass media with few exceptions (such as Disney's purchase of ABC).

Only 50 cities in America now have more than one daily paper, and they are often owned by the same group. Only about 25 per cent of the nation's 1,500 daily papers are independently owned. This concentration has been rapidly accelerating in recent years and ownership is nearly monolithic now, reflecting the identical control described above. Of course, much care is taken to fool the public with the appearance of competition by maintaining different corporate logos, anchorpersons and other trivia, projecting a sense of objectivity that belies the uniform underlying bank ownership and editorial control. This accounts for the total blackout on news coverage and investigative reporting on banker control of the country.

Nevertheless, throughout US history, the battle over who gets the power to issue our money has raged. In fact, it has changed hands back and forth eight times since 1694, in five transition periods which may aptly be described as 'Bank Wars' (or, more precisely, 'Private Central Bank vs American People Wars'), yet this fact has virtually vanished from public view for over three generations behind a smoke screen emitted by Fed cheerleaders in the media.

Until we stop talking about 'deficits' and 'government spending' and start talking about who creates and controls how much money we have, it's just a shell game, a complete and utter deception. It won't matter if we pass an iron-clad amendment to the Constitution mandating a balanced budget. Our situation is only going to get worse until we root out the cause at its source.

Our leaders and politicians, those few who are not part of the problem, need to understand what is happening and how, as well as what solutions exist. The government must take back the power to issue our money without debt.

Issuing our own debt-free money is not a radical solution. It's the same solution proposed at different points in US history by men like Benjamin Franklin, Thomas Jefferson, Andrew Jackson, Martin van Buren, Abraham Lincoln, William Jennings Bryan, Henry Ford, Thomas Edison, and numerous congressmen and economists.

Though the Federal Reserve is now one of the two most powerful central banks in the world, it was not the first. So where did this idea come from? To really understand the magnitude of the problem, we have to travel across the Atlantic.

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2. THE MONEY CHANGERS IN JERUSALEM

Just who are these Money Changers to whom James Madison referred? The Bible tells us that, 2,000 years ago, Jesus Christ twice drove the Money Changers from the Temple in Jerusalem. Apart from when the Temple Guards were forced to the ground in the Garden of Gethsemane, these were the only times Jesus used physical violence. What were Money Changers doing in the Temple?

When Jews came to Jerusalem to pay their Temple tax, they could only pay it with a special coin, the half-shekel of the sanctuary. This was a half-ounce of pure silver, about the size of a quarter. It was the only coin around at that time which was pure silver and of assured weight, without the image of a pagan Emperor. Therefore, to Jews, the half-shekel was the only coin acceptable to God. But these coins were not plentiful. The Money Changers had cornered the market on them; then they raised the price—just as with any other monopolised commodity—to whatever the market would bear.

In other words, the Money Changers were making exorbitant profits because they held a virtual monopoly on money. The Jews had to pay whatever they demanded. To Jesus, this injustice violated the sanctity of God's house.

3. MONEY-CHANGING IN THE ROMAN EMPIRE

But the money-changing scam did not originate in Jesus' day. Two hundred years before Christ, Rome was having trouble with its Money Changers.

Two early Roman emperors had tried to diminish the power of the Money Changers by reforming usury laws and limiting land ownership to 500 acres. Both were assassinated. In 48 BC, Julius Caesar took back from the Money Changers the power to coin money and then minted coins for the benefit of all. With this new, plentiful supply of money, he built great public works. By making money plentiful, Caesar won the love of the common people. But the Money Changers hated him. Some believe this was an important factor in Caesar's assassination.

One thing is for sure: with the death of Caesar came the demise of plentiful money in Rome. Taxes increased, as did corruption. Eventually the Roman money supply was reduced by 90 per cent. As a result, the common people lost their lands and homes—just as has happened and will happen again in America to the few who still own their own land and homes.

4. THE GOLDSMITHS OF MEDIAEVAL ENGLAND

The Chinese were the first to use paper money, known as 'flying money' (a kind of banker's draft), in AD 618–907. In about AD 1000, private Chinese merchants in Sichuan province issued paper money known as *jiao zi*. Due to fraud, the right to issue paper money was taken over in 1024 by the Song dynasty which then issued the first government paper money.

About that same time, Money Changers—those who exchange, create and manipulate the quantity of money—were active in mediaeval England. In fact, they were so active that, acting together, they could manipulate the English economy. These were not bankers *per se*. The Money Changers generally were the goldsmiths. They were the first bankers because they started keeping other people's gold for safekeeping in their safe rooms, or vaults.

The first 'paper' money in Western Europe was merely a receipt for gold left with the goldsmiths, made from rag paper. As the ditty goes:

Rags make paper; paper makes money; money makes banks;
banks make loans; loans make beggars; beggars make rags.

Paper money caught on because it was more convenient and safer to carry than a lot of heavy gold and silver coins. As a convenience, to avoid unnecessary trips to the goldsmiths, depositors began endorsing these gold deposit receipts to others, by their signature.

Over time, to simplify the process, the receipts were made out to the bearer, rather than to the individual depositor, making them readily transferable without the need for a signature. This, however, broke the tie to any identifiable deposit of gold.

Eventually, goldsmiths noticed that only a small fraction of the depositors or bearers ever came in and demanded their gold at any one time. Goldsmiths started cheating on the system. They began by secretly lending out some of the gold that had been entrusted to them for safekeeping, and keeping the interest earned on this lending. Then the goldsmiths discovered that they could print more money (i.e., paper gold-deposit certificates) than they had gold, and usually no one would be any the wiser. Next, they discovered they could lend out this extra paper money and collect interest on it. This was the birth of 'fractional reserve lending'—that is, lending out more money than you have reserves on deposit. Obviously it was fraud, often specifically outlawed once understood.

The goldsmiths began with relatively modest cheating, lending out in gold deposit certificates only two or three times the amount of gold than they actually had in their safe rooms. But they soon grew more confident and greedy, lending out four, five and even ten times more gold certificates than they had gold on deposit.

So, for example, if $1,000 in gold were deposited with them, they could lend out about $10,000 in paper money and charge interest on it, and no one would discover the deception. By this means, goldsmiths gradually accumulated more and more wealth and used this wealth to accumulate more and more gold.

It was this abuse of trust—a fraud—which, after being accepted as standard practice, evolved into modern deposit banking. It is still a fraud, coupled with an unjust and unreasonable delegation of a sovereign government function—money creation—to private banks.

Today, this practice of lending out more money than there are reserves is known as 'fractional reserve banking'. In other words, banks have on hand only a small fraction of the reserves needed to honour their obligations. Should all their account-holders come in and demand cash, the banks would run out before even three per cent had been paid. That is why banks always live in dreadful fear of 'bank runs'. This is the fundamental cause of the inherent instability in banking, stock markets and national economies.

So, for example, if $1,000 in gold were deposited with them, they could lend out about $10,000 in paper money and charge interest on it, and no one would discover the deception.

The banks in the United States are allowed to lend out at least ten times more money than they actually have. That's why they do so well on charging, let's say, 8 per cent interest. But it's not really 8 per cent per year which is their interest income on money the government issues; it's 80 per cent. That's why bank buildings are always the largest in town. Every bank is, *de facto*, a private mint (over 10,000 in the US), issuing money as loans, for nothing, at no cost to them except whatever interest they pay depositors.

Rather than issue more gold certificates then they have gold, modern bankers simply make more loans than they have currency (cash). They do this by making book entries, creating loans to borrowers out of thin air (or, rather, ink).

To give a modern example, a $10,000 bond purchase by the Fed on the open market results in a $10,000 deposit to the bond-seller's bank account. Under a 10 per cent (i.e., fractional) reserve requirement, the bank need keep only $1,000 in reserve and may lend out $9,000. This $9,000 is ordinarily deposited by the borrower in either the same bank or in other banks, which then must keep 10 per cent ($900) in reserve but may lend out the other $8,100. This $8,100 is in turn deposited in banks which must keep 10 per cent ($810) in reserve but then may lend out $7,290, and so on. Carried to the theoretical limits, the initial $10,000 created by the Fed is deposited in numerous banks in the banking system, giving rise (in roughly 20 repeated stages) to an expansion of $90,000 in new loans in addition to the $10,000 in reserves.

In other words, the banking system, collectively, multiplies the $10,000 created by the Fed by a factor of ten. However, less than one per cent of the banks create over 75 per cent of this money. In other words, a handful of the largest Wall Street banks creates money as loans, literally by the hundred-billion, charging interest on these loans and leaving crumbs for the rest of the banks to create. But because those crumbs represent billions, too, the lesser bankers rarely grumble. Rather, with rare exceptions, they, too, support this corrupt system.

In actual practice, due to numerous exceptions to the 10 per cent reserve requirement, the banking system multiplies the Fed's money creation by several magnitudes over ten times (e.g., the Fed requires only three per cent reserves on deposits under approx. $50 million, and no reserves on Eurodollars and non-personal time deposits).

To return to the goldsmiths... They also discovered that extra profits could be made by 'rowing' the economy between easy money and tight money. When they made money easier to borrow, then the amount of money in circulation expanded. Money was plentiful, and people took out more loans to expand their businesses. But then the goldsmiths would tighten the money supply and make loans more difficult to obtain.

What would happen? Just what happens today. A certain percentage of people could not repay their previous loans and could not take out new loans to repay the old ones; therefore they went bankrupt and had to sell their assets to the goldsmiths or at auction for 'pennies on the dollar'.

The same thing is still going on today, only now we call this up-and-down rowing of the economy the 'business cycle', or, more recently in the stock markets, 'corrections'.

5. TALLY STICKS

King Henry I, son of William the Conqueror, ascended the English throne in AD 1100. At that time, long before the invention of the printing press, taxes were generally paid in kind, i.e., in goods, based on the productive capacity of the land under the care of the taxpaying serf or lesser noble. To record production, mediaeval European scribes used a crude accounting device: notches on sticks, or 'tallies' (from the Latin *talea*, meaning 'twig' or 'stake'). Tally sticks worked better than faulty memory or notches on barn doors, as were sometimes used.

To prevent alteration or counterfeiting, the sticks were cut in half lengthwise, leaving one half of the notches on each piece—one of which was given to the taxpayer, and could be compared for accuracy by reuniting the pieces. Henry adopted this method of tax-record-keeping in England.

Over time, the role of tally sticks evolved and expanded. By the time of Henry II, taxes were paid twice a year. The first payment, made at Easter, was evidenced by giving the taxpayer a tally stick notched to indicate partial payment received, with the same lengthwise split to record, for both parties, the payment made. These were presented at Michaelmas with the balance of taxes then due.

It takes only a little imagination to arrive at the next step: for tallies to be issued by the government in advance of taxes being paid, in order to raise funds in emergencies or financial straits. The recipients would accept such tallies for goods sold at a profit or for coin at a discount, and then would use them later, at Easter or Michaelmas, for payment of the taxes. Thus, tallies took on some of the same functions as coin: they served as money for the payment of taxes.

After 1694, the government issued 'paper tallies' as paper evidence of debt (i.e. government borrowing) in anticipation of the collection of future taxes. Paper could be made easily negotiable, which made paper tallies the full equivalent of the paper banknote money issued by the Bank of England beginning in 1694. By 1697, tallies, banknotes and bankbills all began to circulate freely as interchangeable forms of money. Wooden-stick tallies continued to be used until 1826. Doubtless, ways were found to make them circulate at discounts, too, like the paper tallies.

One particular tally stick was quite valuable. It represented £25,000. One of the original stockholders in the Bank of England purchased his original shares with such a stick. In other words, he bought shares in the world's richest and most powerful corporation, with a stick of wood.

It's ironic that after its formation in 1694, the Bank of England attacked the tally stick system because it was money issued outside the control of the Money Changers.

Why would people accept sticks of wood for money? That's a great question. Throughout history, people have traded anything they thought had value and used that for money. You see, the secret is that money is only what people agree on to use as money. What's our paper money today? It's really just paper.

But here's the trick. King Henry VIII ordered that tally sticks be used to evidence tax payments received by the government. This built in the demand for tallies and eventually made them circulate and be accepted as money. And they worked well. In fact, no other money worked for so long as in the British Empire.

In the l500s, King Henry VIII relaxed the laws concerning usury, and the Money Changers wasted no time reasserting themselves. They made their gold and silver money plentiful for a few decades. But when Queen Mary took the throne and tightened the usury laws again, the Money Changers renewed the hoarding of gold and silver coin, forcing the economy to plummet.

When Queen Elizabeth I, Mary's half-sister, took the throne in 1558, she was determined to regain control over English money. Her solution was to issue gold and silver coins from the public treasury and thus take away control over the money supply from the Money Changers.

Although control over money was not the only cause of the English Revolution in 1642 (religious differences also fuelled the conflict), monetary policy played a major role. Financed by the Money Changers, Oliver Cromwell finally overthrew King Charles I (Stuart), purged Parliament and put the King to death. The Money Changers were immediately allowed to consolidate their financial power.

The result was that for the next fifty years the Money Changers plunged Great Britain into a series of costly wars. In the centre of London they took over a square mile of property, known as 'the City'. Today, this semi-sovereign area is still one of the two predominant financial centres of the world (with Wall Street, New York City). It is not under the jurisdiction of the London police, but has its own private force of 2,000 men.

Conflicts with the Stuart Kings led the Money Changers in England to combine with those in the Netherlands (which already had a central bank established by the Money Changers in Amsterdam in 1609) to finance the invasion of William of Orange who overthrew the legitimate Stuarts in 1688. England was to trade masters: an unpopular King James II for a hidden cabal of Money Changers pulling the strings of their usurper, King William III ('King Billy'), from behind the scenes.

This symbiotic relationship between the Money Changers and the higher British aristocracy continues to this day. The monarch has no real power but serves as a useful shield for the Money Changers who rule the City—dominated by the banking House of Rothschild.

In its 20 June 1934 issue, *New Britain* magazine of London cited a devastating assertion by former British Prime Minister David Lloyd George, that "Britain is the slave of an international financial bloc". It also quoted these words written by Lord Bryce: "Democracy has no more persistent and insidious foe than the money powers" and pointed out that "questions regarding the Bank of England, its conduct and its objects, are not allowed by the Speaker" (of the House of Commons).

6. THE BANK OF ENGLAND

By the end of the 1600s, England was in financial ruin. Fifty years of more or less continuous wars with France, and sometimes the Netherlands had exhausted her. Frantic government officials met with the Money Changers to beg for the loans necessary to pursue their political purposes. The price was high: a government-sanctioned, privately owned central bank which could issue money—created out of nothing—as loans.

The Bank of England was to be the modern world's first privately owned, national central bank in a powerful country, though earlier deposit banks had existed in Venice from 1361, in Amsterdam from 1609, and in Sweden from 1661—where the first banknotes in Europe were issued that same year.

Such is the power of these central banks that they soon take total control over a nation's economy. It soon amounts to nothing but a plutocracy, rule by the rich...

Although it was deceptively called the Bank of England to make the general population think it was part of the government, it was not. Like any other private corporation, the Bank of England sold shares to get started. The investors, whose names were never revealed, were supposed to put up one and a quarter million (British pounds) in gold coin to buy their shares in the Bank. But only £750,000 pounds was ever received.

Despite that, the Bank of England was duly chartered in 1694 and started out in the business of lending out several times the money it supposedly had in reserves, all at interest. In exchange, the new bank would lend British politicians as much as they wanted. The debt was secured by direct taxation of the British people.

So, legalisation of the Bank of England amounted to nothing less than legalised counterfeiting of a national currency for private gain. Unfortunately, nearly every nation now has a privately controlled central bank, the local Money Changers using the Bank of England as the basic model.

Such is the power of these central banks that they soon take total control over a nation's economy. It soon amounts to nothing but a plutocracy, rule by the rich, and the bankers soon come to be the dominant super-rich class. It is like putting control of the Army in the hands of the Mafia. The danger of tyranny is extreme. Yes, we need a central monetary authority—but one owned and controlled by the government, not by bankers for their private profit.

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In 1770, Sir William Pitt, speaking to the House of Lords, said:

There is something behind the throne greater than the king himself.

This reference to the Money Changers behind the Bank of England gave birth to the expression, 'the power behind the throne'. In 1844, Benjamin Disraeli, in a veiled allusion to this same power, wrote:

The world is governed by very different personages from what is imagined by those who are not behind the scenes.

On 21 November 1933, US President Franklin D. Roosevelt wrote in a letter to a confidant:

The real truth of the matter is, as you and I know, that a financial element in the large centers has owned government ever since the days of Andrew Jackson...

The central bank scam is really a hidden tax, but one that benefits private banks more than the government. The government sells bonds to pay for things for which the government does not have the political wisdom or will to raise taxes to pay. But about 10 per cent of the bonds are purchased with money the central bank creates out of nothing. The government then spends this new money. Once deposited, private banks use these new deposits to create ten times as much in new fractional reserve loans. This provides the economy with the additional money needed to purchase the other 90 per cent of the new bonds without drying up capital markets and forcing up interest rates. By borrowing the money (i.e., selling new bonds), the government spreads out the inflationary effects over the term of the bonds. Thus there is little to no immediate inflation.

More money in circulation makes your money worth less. The politicians get as much money as they want, and the people pay for it in inflation—which erodes the purchasing power of their savings, fixed income and wages. The perverse beauty of the plan is that not one person in a thousand can figure it out because it's deliberately hidden behind complex-sounding economics gibberish. The full effects of the inflation are only experienced much later—too late to stop.

With the formation of the Bank of England, the nation was soon awash in money. Prices throughout the country doubled. Massive loans were granted for just about any wild scheme. One venture proposed draining the Red Sea to recover gold supposedly lost when the Egyptian Army drowned pursuing Moses and the Israelites.

By 1698, just four years later, government debt had grown from the initial one-and-a-quarter-million pounds to £16 million. Naturally, taxes were increased and then increased again to pay for all this.

With the British money supply firmly in the grip of the Money Changers, the British economy began a wild roller-coaster series of booms and depressions—exactly the sort of thing a central bank claims it is designed to prevent.

Continued in the next issue of NEXUS...

Note: This article was extracted and edited, with permission, from the revised and updated book of the video, *The Money Masters: How International Bankers Gained Control of America*, produced by Patrick S. J. Carmack for Royalty Production Company, Piedmont, Oklahoma, USA © 1998.

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